

CITY OF CHULA VISTA PROPOSAL TO IAFF  
REGARDING PENSION BENEFITS

PROPOSAL #\_\_\_\_  
DATE: March 12, 2014

**PROPOSALS:**

The City submits the following proposal regarding Pension Benefits.

**CONCERN:**

The pension agreements between the City and the IAFF reached in 2011 are in a side letter ("MOA") rather than in the MOU. In addition, the State subsequently enacted AB 340, the Public Employee's Pension Reform Act of 2013 (PEPRA). The City seeks compliance with PEPRA and incorporation of the parties' 2011 agreements.

**PROPOSAL:**

**ARTICLE 2.18 RETIREMENT**

The City will provide to represented members retirement benefits via contract with the California Public Employees Retirement System (CalPERS) as set forth in the California Government Code.

TIER I. For employees hired on or before the effective date of the January 14, 2011 MOA, the City will provide the 3% at 50 Retirement Plan for Local Safety Members as provided for under the California Public Employees' Retirement System (CalPERS). Employees in Tier 1 shall make contributions, that shall be applied to the City's (employer share) contribution to CalPERS under Government Code section 20516 for optional benefits, in the total amount of nine percent (9%) for Employees in the "Local Firefighters" CalPERS member category. The aforementioned contributions will be made on a pre-tax basis to the extent permitted by Internal Revenue Code section 414(h)(2).

The City will provide the following CalPERS contract options:

- A. One-Year Final Compensation
- B. Post-Retirement Survivor Allowance
- C. Credit for Unused Sick Leave
- D. 4th Level 1959 Survivor Benefit.
- E. Military Service Credit as Prior Service
- F. Cost of Living Allowance (2%)
- G. Post-Retirement Survivor Allowance Continuance
- H. Pre-Retirement Death Benefit for Spouse
- I. Retired Death Benefit \$5,000
- J. Prior Service Credit

K. Employer Paid Member Contribution

2. TIER II. For Employees hired after the effective date of the January 14, 2011 MOA and who do not qualify as “new members” as defined by PEPR (see Gov’t Code section 7522.04(f)(1)-(3)) and CalPERS, the CalPERS Retirement Plan benefits for Employees in the “Local Firefighters” CalPERS member category are (1) the 3% @ 55 retirement formula; (2) that the Employees make 100% of the statutory employee (employee share) contribution to CalPERS, currently 9%; (3) that there be no final year concession of said payments to compensation for CalPERS benefit calculation purposes; and (4) the use of an average highest three consecutive years calculation to determine final compensation. Furthermore, the City will no longer provide a blended health care rate for Employees hired under the Second Tier CalPERS Retirement Plan.

The City will provide the following CalPERS contract options:

- A. Post-Retirement Survivor Allowance
- B. Credit for Unused Sick Leave
- C. 4th Level 1959 Survivor Benefit.
- D. Military Service Credit as Prior Service
- E. Cost of Living Allowance (2%)
- F. Post-Retirement Survivor Allowance Continuance
- G. Pre-Retirement Death Benefit for Spouse
- H. Retired Death Benefit \$5,000
- I. Prior Service Credit

Tier III. [PEPRA] For Employees hired on or after January 1, 2013 and determined to be “new members” as defined by PEPRA (see Gov’t Code section 7522.04(f)(1)-(3) and CalPERS, the following shall apply: (1) a 2.7% @ 57 retirement formula; (2) no EMPC; (3) the use of an average highest three consecutive years calculation to determine final compensation; (4) employees shall pay 50% of normal cost of their pension, as set forth in PEPRA and determined by CalPERS; (5) pension capped as set forth in PEPRA (Gov’t Code section 7522.10(c)(2)); and (6) no blended health care rate for Employees under this Tier.

The City will provide the following CalPERS contract options:

- A. Post-Retirement Survivor Allowance
- B. Credit for Unused Sick Leave
- C. 4th Level 1959 Survivor Benefit.
- D. Military Service Credit as Prior Service
- E. Cost of Living Allowance (2%)
- F. Post-Retirement Survivor Allowance Continuance
- G. Pre-Retirement Death Benefit for Spouse
- H. Retired Death Benefit \$5,000

I      Prior Service Credit  
RESULTS:

Compliance with State law (PEPRA).

[END]